

# ***Should You Be Paying Use Tax on Foreign Purchases?***



## **Massachusetts Department of Revenue**

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***What is the  
Massachusetts  
use tax?***

*The use tax is a 5 percent tax paid on out-of-state or out-of-country purchases that are used, stored, or consumed in Massachusetts and on which no Massachusetts sales/use tax was paid. Unlike the 5 percent sales tax, which is collected by merchants, use tax is paid directly to the state by the purchaser.*

*The use tax does not apply to purchases that are exempt from the Massachusetts sales tax, e.g., items of clothing that cost \$175 or less.*

*Generally, taxpayers who pay a sales/use tax to another state or U.S. territory are entitled to a credit up to the 5 percent Massachusetts sales/use tax rate if the other state has a reciprocal sales/use tax credit policy with the Commonwealth.*

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***When must I pay  
use tax?***

*If no Massachusetts sales/use tax was paid at the time of purchase, then a use tax is due when:*

- *Goods are purchased from an out-of-state or out-of-country vendor for personal use in Massachusetts. The total purchase price is subject to “use tax.”*
- *Goods, such as jewelry, artwork, antiques, furniture or household items, are purchased and imported into Massachusetts for personal use.*
- *Goods are purchased in another state or country without paying sales tax or the amount of sales tax paid to another state was lower than the Massachusetts sales/use tax rate. No credit is allowed for a value-added tax (VAT) paid to another country.*
- *Goods are purchased out-of-state or out-of-country from a mail-order catalog, auction house, or over the Internet.*
- *Supplies, furniture, fixtures and equipment are purchased from an out-of-state or out-of-country vendor for business use in Massachusetts.*

- *Property is delivered, shipped or brought into Massachusetts within six months after purchase, unless it is proven the property is not for use in Massachusetts.*

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***When am I not required to pay use tax?***

*A use tax is not due when:*

- *Goods are purchased for resale within the normal course of business.*
- *Goods are purchased to be used as an ingredient or component part of an article of tangible personal property produced for sale. Also, machinery and equipment used in manufacturing operations are not subject to tax.*
- *Sales or use tax is paid to another state or U.S. territory on tangible personal property to be used in Massachusetts. A credit of up to the 5 percent Massachusetts sales/use tax rate is allowed against sales tax paid to another state only if that state has a reciprocal sales/use tax credit policy with Massachusetts. If you need information about a specific state, call DOR's Customer Service Bureau at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089.*

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***How do I report and pay use tax?***

*Individuals may report and pay their unpaid use tax on their personal income tax returns, Form 1, Telefile or Form 1-NR/PY. Taxpayers may also, if they prefer, use Form ST-11 (Individual Use Tax Return) or ST-10 (Business Use Tax Return). These returns are due with payment on or before April 15 for purchases made in the prior calendar year. Make check payable to the Commonwealth of Massachusetts and send to: Department of Revenue, PO Box 7009, Boston, MA 02204.*

*For more information, see **A Guide to Sales and Use Tax**, available on the DOR website at [www.mass.gov/dor](http://www.mass.gov/dor).*

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**Department of  
Revenue:  
(617) 887-MDOR**  
*Toll-free in Massachusetts*  
**1-800-392-6089**  
**[www.mass.gov/dor](http://www.mass.gov/dor)**

*The purpose of this publication is to provide taxpayers with general information about Massachusetts tax laws and Department of Revenue policies and procedures as of January 1, 2003. It is not designed to address all questions in detail, and taxpayers are encouraged to seek further guidance as described throughout this guide. Nothing contained within this publication supersedes, alters or otherwise changes any provisions of Massachusetts General Laws, Massachusetts Department of Revenue Regulations or Rulings or any other sources of the law.*